

Message Text

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PAGE 01 LIMA 08928 070434Z

13

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

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R 062116Z DEC 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 8033

INFO AMEMBASSY BOGOTA

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E.O. 11652: N/A

TAGS: EFIN, EIND

SUBJ: ANDEAN PACT: PERUVIAN INVESTMENT CLIMATE

DISCOURAGES BRAZILIAN FIRM

1. BRAZILIAN COMPANY OMEL, S.A. HAS JUST COMPLETED FEASIBILITY STUDY ON MANUFACTURING OF INSTRUMENTS, SPECIALIZED PUMPS AND OTHER COMPONENTS FOR CHEMICAL INDUSTRY IN ANDEAN REGION. FIRST CHOICE PRIOR TO CONCLUSION OF STUDY WAS PERU, SINCE SOME OF THE PRODUCTS ARE ASSIGNED TO THAT COUNTRY UNDER METAL-WORKING INDUSTRY SECTORAL PROGRAM. MOST OF THE COMPONENTS, HOWEVER, ARE IN THE GENERAL TRADE LIBERALIZATION CATEGORY AND CAN THEREBY BE MANUFACTURED IN ANY ANDEAN COUNTRY.

2. PERUVIAN CONSULTANT WHO MADE STUDY FOR OMEL CONFIDED TO REGIONAL INTEGRATION OFFICER THAT PERU IS NO LONGER BEING CONSIDERED AND THAT ATTENTION NOW FOCUSED ON COLOMBIA. REASON IS THAT CONTROL IN COMPANY IN PERU WOULD PASS INTO HANDS OF WORKERS AFTER INDUSTRIAL COMMUNITY GAINS 50PERCENT OF EQUITY. OMEL NOT CONCERNED ABOUT PRE-TAX PAYMENTS TO INDUSTRIAL COMMUNITY, NOR IS IT INTERESTED IN MAJORITY EQUITY SHARE (IT WOULD IN ANY CASE SEEK LOCAL JOINT VENTURE PARTNERS), BUT IT BELIEVES CONTROL SHOULD

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REST WITH EXPERIENCED ENTREPRENEURS. AS IT NOW STANDS,

OMEL MAY LICENCE CERTAIN COMPONENTS FOR MANUFACTURE BY
EXISTING PERUVIAN FIRMS.

3. INITIAL INVESTMENT IN MAIN PLANT, WHICH MAY NOW GO
TO COLOMBIA, ABOUT \$11 MILLION. GENERAL LUIS BARANDIARAN
OF PERUVIAN NATIONAL INTEGRATION OFFICE HAS REPORTEDLY
BEEN INFORMED ABOUT OUTCOME OF FEASIBILITY STUDY. THIS
DEVELOPMENT SHOULD ADD WEIGHT TO THE CONCERNS EXPRESSED
OVER HANDICAPS IMPOSED ON INVESTMENT IN PERU IN COMPARISON
WITH INVESTMENTS IN OTHER ANDEAN PACT COUNTRIES.
BELCHER

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NNN

Message Attributes

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